The missing military-industrial complex

Genuine strategic autonomy lies in creating conditions conducive to private participation in the defence industry

For the Indian private sector to manufacture defence products using high-end technologies, collaboration with leading global defence manufacturers and their vendor base is essential. Enhanced FDI limits, which also mandate technology transfer, collaborative research and co-development, can incentivise foreign participation in developing India's defence industrial base. As matters stand, under the current FDI cap of 26 per cent, India has received a meagre $4.12 million in FDI inflows over the past decade. FDI should preferably be permitted up to 100 per cent. It is remarkable how we are happy to import foreign-made defence equipment without realising the need to create a conducive environment for its production within India.

Along with these systemic and regulatory reforms, addressing bureaucratic delays and bottlenecks in MOD is another imperative. With the defence budget under increasing stress following India's economic downturn, long-projected reforms such as a Chief of Defence Staff are key to establishing well-considered and balanced priorities for defence acquisition.

Implementation of India's defence modernisation plans has continually fallen behind. India's MOD must display a stronger sense of strategic purpose in fostering a diversified defence industrial sector, with DPSUs co-existing alongside a multiplicity of private sector players, both domestic and foreign.

MOD would also do well to speedily take forward proposals for joint collaboration with the US that have been on the table since last September. It would be good to test former US Deputy Defence Secretary Ashton Carter's pledge to provide India with "all the capabilities it needs to meet its security requirements", and the affirmation in the bilateral joint declaration concluded in September 2013, that "the United States and India share common security interests and place each other at the same level as their closest partners".

If India aspires to genuine strategic autonomy, building defence industrial capabilities through the induction of the highest technologies extant would be a good place to start.

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